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SUBJECT: TERROR, TRADE AND AID: FORSEC VISIT TO DC

1. (SBU) Summary: Nepal's Foreign Secretary Madhu Raman Acharya will use his April 2-5 visit to Washington to urge quick delivery of additional security and development aid to Nepal, to discuss cooperation in the fight against terrorism, and to press for more favorable trade terms for Nepali products. End Summary.

Terror and Aid

2. (SDU) Nepal's Foreign Secretary Madhu Raman Acharya told Ambassador March 27 that he considered his April 2-5 Washington visit to be a follow-up to the SecState visit to Nepal in January. The SecState visit boosted morale, but had also raised expectations, Acharya said. He would use his meetings in Washington to underline the importance of delivering additional aid - including military assistance - to Nepal quicker, rather than later. Acharya added that he hoped to discuss ways to cooperate in the fight against terrorism, and expressed an interest in discussing counter-terrorism issues while in the U.S. "If [the situation in Nepal] gets out of control, it will cause problems for everybody," Acharya concluded.

Trade

3. (SBU) ForSec plans to raise trade issues during his visit, focussing on quotas for Nepal's garments and GSP consideration for its carpets. He will press for making landlocked Least Developed Countries a special category for trade purposes, or at least for providing a temporary waiver for products from such countries. [Note: Acharya indicated that his Embassy in Washington was attempting to arrange an appointment with USTR as well as with Congressional leaders.] On the economic side, Acharya noted that Parliament's budget session was coming up and the government would need help to avoid starving development activities by diverting more funds for security purposes.

Domestic Politics and Human Rights

4. (SBU) Ambassador advised ForSec Acharya that his interlocutors in Washington will be interested in hearing from him about the domestic political situation and human rights in Nepal. Acharya replied that political stability was a prerequisite for solving Nepal's problems, and the government's position was that any change in government must take place within a constitutional framework. Taking note of yesterday's release of four journalists from military custody (Reftel), Acharya indicated that Nepal's intentions were good in regard to human rights. When the Ambassador asked about the status of ICRC's headquarters agreement with Nepal - reportedly held up in the Foreign Ministry - Acharya responded that they were in the "final stages" of the process and expected a decision next week.

Next Stop London

5. (SBU) Acharya will stop in London for consultations with his British counterparts on his way back to Nepal. We understand that Acharya also will soon be traveling to Moscow.

Comment

6. (SBU) The Secretary's January visit to Nepal raised spirits here, and the Nepalese hope to use their Foreign Secretary's visit to raise Nepal's profile in Washington,

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and - more immediately - to raise much-needed development and security assistance. As Acharya pointed out, without increased support at this time, Nepal's problems will become more serious and intractable.

